


In fact

For The Millions Who Want a Free Press

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Frank Knox Agrees with Hitler

ONE of the first measures adopted by the Nazis was a restriction on the movement of workers. In 1934 German employers were forbidden to advertise for certain types of workers. In 1935 workers were required to carry books containing a record of previous employment, known to US maritime unions as fink books. In 1939 workers were forbidden to leave their job without a permit from the local labor office. What this has done to German wages is well known. (Source: TNEC survey of European labor and economic controls.)

Last month Sec'y of Navy Frank Knox ordered all shipyards with government contracts not to raise wages or improve working conditions, an order which has been strongly protested by the Federation of Architects, Engineers, Chemists and Technicians, CIO, the Nat'l Council of Marine Draftsmen and many locals of the CIO shipyard workers and AFL machinists (IN FACT March 24). Since then the first of a series of Zone Standards Conferences, under the auspices of the Navy Department, has been held in San Francisco to freeze wages for the duration of the war.

There has recently come into IN FACT's possession a copy of a letter sent last Oct 31 by Knox to the presidents of twelve shipbuilding companies, urging them to adopt a gentleman's agreement against hiring away each other's workers. To such notable profiteers as Bethlehem Steel, NY Shipbuilding, Newport News Shipbuilding, Electric Boat, Col Knox wrote:

"The national interests must not be sacrificed, or even disrupted, for the sake of private interest of particular individuals or groups of individuals.

"The 'scamping' of key men by shipyards having naval contracts, especially in the so-called white collar class, some instances of which have been brought to the Department's attention, is against the best interests of the naval program. By 'scamping' is meant the stealing of men from another yard (a) by direct or personal solicitation through promises of higher wages, better housing conditions, etc.; (b) by spreading reports by various means that higher salaries are to be paid in the yard which is seeking to draw the men; (c) or by any other improper means. . . .

"It is now the policy of the Civil Service Commission in advertising the requirements for additional employees at Navy Yards and other Defense agencies, to state in the advertisement the following: 'Applications are not desired from persons employed in any private industry vital to the National Defense Program or in a National Defense Agency of the Federal Government. . . .'

"The Department at present has no legal means to enforce the prohibition

Insurance Lobby Goes Into Action to Prevent US Control, Affecting Security of 64,000,000

BECAUSE it is easier to influence, and at times corrupt, State legislatures than it is to control the Congress of the United States, the insurance lobby, representing \$28,000,000,000 in assets, and considered the most powerful part of the business lobby which the TNEC showed runs America for its profit, has begun a campaign against federal legislation affecting insurance.

Sixty-four million Americans are vitally interested in this matter. Nevertheless few know about it because the means of communication, newspapers, movies, and radio, are controlled by the same directors who control insurance.

Those who are on the side of the public want US Gov't control with a commission similar to the Federal Trade Commission, the Federal Communications Commission, and the Securities Exchange Commission, which control food, drugs, clothes, the radio, and stocks and bonds. If left to the states, as was done after the sensational expose by Charles Evans Hughes (now Chief Justice), it is realized that the corrupting insurance lobby will by pressure and bribery, continue to have its own way. If a national commission is in control, some relief for the policyholders may be expected.

How State Legislatures Are Corrupted

The recent SEC report to the TNEC about insurance again bears out all the statements made by IN FACT (Nov 4 1940) that the big corporations which donate twenty to \$30,000,000 a year to the Republican and Democratic campaign funds are repaid by everyone elected, from the President down to the sheriff, in some way or another which is to the benefit of special interests and against the general welfare of the American people.

In insurance the payoff comes through the work of the Ass'n of Life Insurance Presidents which, the report says, is a lobby organized "for the purpose of defeating or influencing State and Federal legislation." In 1937 it spent \$181,246 for lobbying, but not all its work is done with money. It examined as many as 10,000 proposed State and National bills, and fought those it decided were "objectionable" to the corporations.

The report gives as an example the case of R L Cooney, the Ass'n's representative in Georgia whose secret "activities have been directed primarily towards 'killing' bills before they come out of committee. . . . He has interested himself in the election or defeat of certain candidates and has made quite a number of campaign contributions. He arranged for the Ass'n to employ newspapermen who had the privilege of the floor in order that he might be supplied with up-to-date information." Sometimes he used "more coercive methods . . . to influence legislators."

Press Echoes Lobby Propaganda

Just how does this work? Most people suspect plain outright payment of money, the old-fashioned bribery of lawmakers exposed by Lincoln Steffens and others from 1910 to 1915. This is not the usual method nowadays. The SEC report gives a few instances of pressure which are just as effective and apparently within the law.

"Two specific cases may serve to illustrate," says the report. "Mr Cooney induced one legislator to withdraw his bill by having the latter's financial backer, the First National Bank of Valdosta (Georgia) wire him stating that the bill was detrimental to business interests of Georgia. In another instance, a legislator named Dr Davis withdrew a bill after Mr Cooney indicated the doctor would no longer receive medical examination fees from insurance companies."

The report concludes: "The ALIP is a powerful lobby able to combat successfully legislation intended to regulate or affect life insurance companies. Its influence extends from the initial election of State representatives to the building up of propaganda through the artificial stimulation of policyholders."

The attempt by the insurance lobby and its friends, the newspapers and magazines which have the same financial interests at stake, to kill the effect of the TNEC investigation by placing future regulation in state boards, as was done after the 1906 Armstrong report, is considered a betrayal of the public

interest by insurance reformers. The 1941 report repeats exactly the same disclosures as the 1906 report, proving that state control is not successful.

A constructive program for policyholders is outlined by E A Gilbert, insurance consultant for American Investors Union in the April issue of *Your Investments*, of which proofsheets have been supplied IN FACT.

"The first Federal investigation of life insurance in this country," writes Mr Gilbert, "has unearthed conclusive evidence proving that insurance is too costly, that lapses and surrenders are too high, that self-perpetuating officers and directors are engaged in speculation for private gains, that corruption and bribery are rampant, that legislatures have been influenced and reforms side-tracked by powerful insurance lobbies, that the all-powerful House of Morgan dominates the large insurance companies and through them the economic life of the country.

"The bankers and their insurance lieutenants have control of a staggering annual take of over five billion dollars. They now manipulate reserves which have reached the astronomical figure of \$30,000,000,000. But the TNEC, after being confronted with the most documented and intelligently presented report ever made by a governmental investigating body, decided it could do nothing better than recommend that supervision of the companies be continued by the very men in the state insurance departments who knew of these evils for decades and did nothing to check them."

More Evidence of Morgan Control

Mr Gilbert points out that there is nothing new in the SEC report. All its revelations showing the utter failure of the companies to fulfill their obligations to insure the people were unearthed in the famous New York State insurance investigation of 1905. But in the 36 years that have passed, nothing was done to weaken the stranglehold of the bankers on the insurance companies. Justice Louis D Brandeis, in his famous book, "Other People's Money—And How the Bankers Use It," said:

"The power and the growth of power of our financial oligarchs comes from wielding the savings and quick capital of others. In two of the three great life insurance companies the influence of J P Morgan and Co and their associates is exercised without any individual investment by them whatsoever. Even in the Equitable, where Mr Morgan bought an actual majority of all the outstanding stock, his investment amounts to little more than one-half of one per cent of the assets of the company. The fetters which bind the people are forged from the people's own gold."

Yet the SEC in some of the most shocking sections of its report shows how the intricate web of interlocking directorships is still used by the bankers against the interests of the policyholders.

And through all these years, the state insurance commissioners have done nothing to protect the interests of the policyholders. Mr Gilbert cites conclusive evidence proving this point in the admission made by the Insurance Commissioner of the State of New York, Louis H Pink, in a letter to the New York State Legislature March 4, 1940:

"In the summer of 1935 we in the Department decided to undertake a general revision of the insurance law. No real revision had ever been made in the 80 years of the history of the Department although various superintendents had pointed out the need for it."

Mr Gilbert shows that the 48 states have neither the capacity nor the resources for effective control or regulation of the companies. The powerful insurance lobby has effectively prevented any reforms from getting through any legislature.

All of this shows the necessity for Federal regulation, says Gilbert, if the companies' stranglehold on the economic life lines of the country is to be broken. Originally, the TNEC investigation of life insurance had this objective. The New Deal then hoped to mobilize millions of policyholders behind a program of insurance reforms. But with the outbreak of World War II, emphasis has shifted from reform to war financing.

In these circumstances, with \$40,000,000,000 already pledged by the government to finance the war program, it is necessary for the administration to introduce some form of "voluntary" savings to cut down the purchasing power of the people. Consequently, the Administration is making a complete aboutface, because the compulsory savings program of the insurance companies which drains off billions of dollars annually from the people, now neatly dovetails with the Administration's war financial policy.

The situation for policyholders is critical. The insurance lobby is working hard to shelve the SEC report, to continue its complete disregard of policyholders' needs. Chairman O'Mahoney of the TNEC apparently is falling in with the plans of the insurance lobby.

To save themselves, policyholders can take immediate action. Mr Gilbert recommends the following platform which serves the true interests of policyholders and which they must endeavor to have Congress adopt:

The Policyholders' Platform

1. Federal regulation of the insurance companies through creation of a Federal Insurance Commission.
2. Complete financial reports from the companies.
3. Adoption of a modern mortality table.
4. Limitation of the banking operations of the companies.
5. Abolition of interlocking directorships.

against 'scamping' of men, but desires to emphasize that, as a policy, it is strongly opposed to this practice as against the best interests of the National Defense program, and expects the responsible officials of companies concerned to take steps to prevent it."

Inasmuch as all shipbuilding companies now subsist almost entirely on orders from the Navy Dep't and the Maritime Commission, Knox's urgent "request" was not easy to ignore. The CIO for several years has advocated similar action to deny government contracts to firms violating labor laws. It has always been explained to the CIO that such action would be illegal.

Spirit of Lockheed-Vega

THE goodwill flight of the "Spirit of Lockheed-Vega" from Burbank, California, to England was played up in the press last Christmas. The plane, described as "a gift from American labor to British labor" was bought with supposedly voluntary contributions from Lockheed workers. Actually, a subscriber who works in the Vega plant writes IN FACT, the voluntary contributions were collected by foremen.

The same subscriber sends a letter which was mailed March 26 to all Lockheed-Vega workers, signed by Courtlandt S Gross, the company president. The letter contains this stern threat against strikes:

"Events and public utterances of the last 10 days have made it clear that the defense industries in this country are on a war-time basis, or that, if they are not, they should be and must be. To reduce it to the simplest terms for you and me, the Vega Airplane Company and every person in it is 'at war.'

"In war, results alone are recognized. Excuses cannot and will not be tolerated. Our Government, the voice of our people, has made it plain that there is room in the national defense program for those, and for only those, who produce. Those who cannot or will not or do not produce will be pushed aside, with no time to give excuses and no time to plead for another chance. The citizens of this free country have a right to say, and they are at this very minute saying: put out or be put out."

"Enlightened Capitalism"

PRESIDENT Roosevelt is urged by Frank Altschul in his new book "Let No Wave Engulf Us" (Duell, Sloan & Pearce, \$1) to create a Supreme Economic Council vested with adequate power to lead the US into peace when this war is over, otherwise he fears dictatorship from the Right or Left.

The author is advertised as a spokesman "for enlightened capitalism." Mr Altschul is senior partner of Lazard Freres. IN FACT (March 10) presented the evidence that American and British bankers were for Hitler and Mussolini until the war began and that the Anglo-German or Hitler Fellowship of Britain, which aimed to control British foreign policy, had among its corporation members, Lazard Bros.

In the United States the leading bankers who saved fascism and kept it alive are J P Morgan (\$100,000,000 loan to Mussolini) and Dillon, Read & Co (loans to Thyssen and other Hitlerites).

Burned Cocoa Boosts Costs

BRITAIN, IN FACT reported (Jan 27) was destroying a large part of the cocoa crop while millions starved. British and

American financial press admitted that the purpose was to maintain prices and Britain's control (same as its control of rubber) of prices and markets after the war. Dow, Jones & Co newsletter "Trends" confirms the existence of Brazilian, British, and other machinations to maintain prices and profits. Speculators have already boosted cocoa prices.

From "Catholic Worker"

THE following is quoted from The Catholic Worker without comment:

"So far our contacts with the military have been few. . . . In Brooklyn our boys watched military maneuvers when they went to beg the left over food after the removal of a division (they didn't get it). The Bundles for Britain people give us their left-over shoes (unfit for Britons but suitable for the Bowery)." The Catholic Worker runs a home for the down-and-out at 115 Mott Street, NYC.

Shades of First World War

AN Alabama historian, noting the creation of the Office of Gov't Reports, which will function like the Committee on Public Information when war begins, calls attention to following CPI report from John L. Balderston, its London agent (and later a successful playwright): "There exists a large imperialist class here that is secretly hostile to all international ideals and regards our policies with deepest hatred; e.g., Curzon, Milner, Northcliffe, the Morning Post, indeed the whole Tory party. . . . While no propaganda would do any good among this class . . . (there is) a very large public that is traditionally Tory in politics, but has been caught by the new liberalism in America, and hesitates, puzzled, between the two schools of thought. We can help to make converts in this class of wobblers and thus help to draw the fangs of the reactionaries, who boast (verbally) everywhere (I have heard scores of them) that after using America to win the war they will crush all our aims and ideals at the Peace Conference."

Strange Doings at the Times

RECENT Labor Board hearings to determine Newspaper Guild representation on the NY Times elicited the startling fact that just after the Times was found guilty of labor practices by the NLRB, it bought an article by Board Member William L. Leiserson for \$100.

After this was brought out, Leiserson returned the check.

Cross examined by Attorney Isserman for the Guild, Sunday Editor Lester Markel of the Times said, "Louis Stark of our Washington bureau sent me a wire . . . said Mr Leiserson would like to do an article on Labor and Defense.

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6. Forbid the use of policyholders' money for political or lobbying purposes.
7. The sale of pure insurance by all companies in the form of one-year term contracts, automatically renewable throughout life without medical re-examination.

8. Abolition of the industrial insurance racket.

IN FACT agrees with Mr Gilbert's conclusion: "The only hope is a powerful policyholders' mandate that would overcome company propaganda and government indifference." (April issue of Your Investments, 50¢, American Investors Union, 10 East 40, NYC.)

Why Did Press Suppress or Bury Insurance Story?

Why did the press throughout America suppress or bury the insurance story? In New York, for example, Hearst's Mirror and Patterson's News suppressed it entirely, Herald Tribune's 1500 words were 50-50 company defense, and Times' story was buried on Page 29. The whole story was told only in publications which do not take advertising and in the liberal and radical press which is not in business to make money. The press manhandled the story because while insurance advertises little it is part of the Big Business empire which does most of the advertising.

"These newspapers," wrote Nathan Robertson in PM, "want to keep you—the reader—happy, but they want most of all to keep the advertisers happy. The \$28,000,000,000 insurance business is almost as powerful as the Government—and in some ways more powerful. It has close contacts with many big advertisers, and in some cases even with the newspapers themselves. Anything that pains the insurance companies pains the advertisers—and when the advertisers get pained the newspapers suffer."

"Now I don't mean to suggest that the president of one of the biggest insurance companies, who happens to be a director of R H Macy & Co, the town's biggest advertiser, got Macy's to threaten to withdraw its advertising from any paper. Usually it isn't done that crudely. But every newspaper in NY knows there are such connections between the advertisers and the insurance companies. And every man who works for them knows it, too. If I worked for one of them and sent as much on the insurance story as I did for PM, I'd expect to get fired."

In the five largest insurance companies there are directors who also direct the following: Western Union, Crowell Publishing Co (directed by Morgan, publishers of Colliers, American Magazine, etc), Bethlehem Steel, Pacific Telephone, A&P Tea, National Biscuit, Johns Manville, Int Nickel, B&O, Air Reduction, R H Macy and Radio Corporation.

The Hate Campaign Against Labor

Foreign ambassadors have informed their governments that the President will "crack down" on labor. Private newsletters and noted columnists unite in saying that Roosevelt, Knudsen and Knox while keeping short of a declaration of war are also keeping short of a declaration of forced arbitration, outlawry of strikes, and other union-smashing actions. On April 4 and 5 Roosevelt and Knudsen began their undeclared war on labor by raising the red and radical flags over certain labor unions.

Red-baiting labor is called the first and sometimes most important weapon in the National Association of Manufacturers' Mohawk Valley (strikebreaking) Formula. Still another press program used to smash strikes and defeat the onward march of labor was exposed some time ago by Colston E. Warne, professor of economics at Amherst:

1. Picture the union leadership as corrupt and dictatorial, and air all the vices that can be discovered in CIO circles while softpedaling its virtues.
2. Picture the organizers as Reds undermining American institutions.
3. Show how other countries have harnessed unionism and suggest the same for the US.
4. Play up all acts of violence and lay the blame on unionists. If no violence may be found, create some.
5. At the first opportunity when business slackens break away from union contracts.
6. Spread the psychology of union defeat by emphasizing any organizational failures, giving little space to victories.
7. Discredit union political activity, especially the formation of a labor party, by declaring this to be un-American.

Press Part of Hate Campaign

Prof Warne points out that this is a peacetime anti-labor campaign. In time of war hysteria it would be worse. Also, labor might "seek to build its own press, develop its own radio, launch its own education movement so that its members will not fall victims to future campaigns aimed at its destruction," and this would only aggravate the press and big business.

The worst hate campaign against labor was run by the press in 1886. The press used the Haymarket bomb to whip up "a mass hysteria intended to undermine the Knights" of Labor, who had started the fight for an 8-hour day. The effect on the Knights was "devastating."

Similarly in 1892 at Homestead Henry Frick, under Carnegie's orders, attacked labor with armed Pinkerton thugs. The state sent troops. Then "the press

started its anti-labor clamor," and when Berkman the anarchist shot Frick, the unions "were virtually destroyed."

In 1893 Cleveland broke the Railway Union Pullman strike with an injunction. The press congratulated the president, but the truth is that the rioting in Chicago occurred only after the troops arrived and caused trouble.

"The upsurge of unionism in 1919-20," continues Prof Warne, "furnishes another illustration of the power of the press. The AFL had supported the war, with the result that Samuel Gompers was hailed as a patriot. But when, at the close of the war, the steel workers' union sought to introduce industrial democracy in steel, resistance was immediate." The press of the United States attacked labor, rebaited it, started a "back to work" movement now a factor in the Mohawk plan, and got the Pittsburgh papers to write editorials which said what the Steel corporation's paid advertisements were saying.

"Such campaigns of press distortion appear whenever union movements become sufficiently menacing to substantial corporations."

Press and Blame for Coal Strike

In the present coal strike the press is naturally against labor, and the Government is for settlement at any price. When, however, Dr John R Steelman, director of US Conciliation Service, said the corporations and operators were to blame, not labor, the press did not like it.

The NY Times correctly reported as follows (April 6, p 1): "Dr Steelman . . . held the owners responsible for the shutdown of coal production. He pointed out that the union, through (John L) Lewis, had offered to continue work on conditions that any wage increase subsequently granted be made retroactive. . . . The operators' refusal . . . could not be condoned. . . ."

The Herald Tribune suppressed this paragraph, the most vital one in the whole strike story.

An IN FACT reader found the same statement in an early edition of the Sun (April 5). But the later edition had this paragraph cut out. The Sun editor, however, forgot to cut out the following: "John L Lewis (said) . . . Dr Steelman's statement is illuminating and very pointed." Since Steelman's statement had been suppressed the Lewis statement only gave the Sun's action away.

The Sun the past fortnight reached the lowest depths of venal journalism by having its columnist, George E Sokolsky, write a series of articles against labor and the strikes. Sokolsky was exposed by the La Follette Civil Liberties Committee as secretly on the payroll of the National Association of Manufacturers, and the NAM has been denounced as an un-American organization by Att'y Gen'l Jackson, and exposed as the most corrupt force in American public life by the Mullhall investigation and the Monopoly Investigation.

"Red Scare Is Bosses' Trick"

(The following item revealing how the corporations trick labor by raising racial, religious, political and other hatreds, was written by Walter Reuther, United Automobile Workers leader, who recently tried to get the Gov't to adopt his airplane speedup program.)

"Many years ago in this country, when the bosses wanted to keep the workers from forming a strong union, they started scares of various kinds.

"One scare the bosses raised was the Catholics against the Protestants.

"Another scare they used very successfully was the American-born against the foreign-born.

"Then they placed one foreign-born group against another, like the Poles against the Germans, and so on.

"All that is played out now. It has been worked too often.

"So now the bosses are trying a new stunt.

"They are raising a new scare: the red scare.

"They pay stools to go whispering around that so-and-so—usually a militant union leader—is a red. They think that will turn other workers against him.

"What the bosses really mean, however, is not that a leader is red. They mean they don't like him because he is a loyal, dependable union man, a fighter who helps his union brothers and sisters and is not afraid of the boss.

"So let's all be careful that we don't play the bosses' game by falling for their red scare. Let's stand by our union and our fellow unionists. No union man worthy of the name will play the bosses' game. Some may do so through ignorance. But those who peddle the red scare and know what they are doing are dangerous enemies of the union."



IT'S A HIT!

There aren't any seasons with IN FACT. It's a hit all year round. And since it's spring, when young men's (and old) fancies turn to love and baseball, we thought we'd remind you that there is no reason why IN FACT should be neglected, even temporarily. However, there is no reason why your friend in the bleachers can't be reading IN FACT. It shouldn't be hard to convince him that there are some

facts and information he should know (outside of hits, runs and errors) that won't be found on the sports page or any other page of the commercial press. For every four NEW 50¢ subscriptions or eight 25¢ subscriptions that you send in at one time you will receive a copy of YOU CAN'T DO THAT by George Seldes. YOU CAN'T DO THAT is a 300-page book on violations of civil liberties in the US. It names names, dates and places and is fully documented.

. . . . The article came to me from Mr Leiserson's office, a check went to Mr Leiserson."

Leiserson's article, advocating "a democratic and truly American labor policy," proposed a Federal mediation board, emergency fact-finding boards and a 30-day "cooling-off" period, proposals which have been frequently made in Times editorials.

The mutual admiration of Leiserson and the Times goes back to the Times labor board case. At that time Roosevelt had not yet replaced Madden with Millis, and Leiserson was in a minority of one. His dissent in the Times case was well-publicized by the Times: "Mr Leiserson's dissent held that the Times was not guilty of 'any unfair labor practices in connection with its negotiations with the Guild,' as found by the board majority. . . ."

Is the Press Improving?

"THE American press on the whole is improving," says the New Republic, adding: "Several things have united to bring this about. The sharp criticisms of men like Upton Sinclair, George Seldes and Ferdinand Lundberg have been fiercely resisted and repudiated by American journalism, but it has then proceeded to remedy some at least of the faults charged, whose existence it denied."

Bruce Bliven, editor, then shows that "censorship by publishers is worse than that by advertisers" and that the big city press "has drifted into the hands of money-minded men who are interested in profits." He believes the Hearst-Howard-Gannett newspaper chains are a grave danger for democracy. He admits that the press does not speak for the workers.

All the evidence given by Bliven, however, shows that the press is getting worse. IN FACT agrees with the TNEC report that the press has become a big business and therefore works against the interests of the American people.

Army and Democracy

READERS of President Roosevelt's most recent speeches may have recalled that in the Army Training Manual in use between 1928 and 1932 there was the following definition of democracy: "Government of the masses. Authority derived through mass meetings or any other form of direct expression. Results in Mobocracy. Attitude toward property is communistic, negating property rights. Attitude toward law is that the will of the majority shall regulate whether it be based upon deliberation or governed by passion, prejudice and impulse without restraint or regard for consequences. Results in demagogery, license, agitation, discontent, anarchy. . . ."

This definition was widely republished in the liberal press, and it was omitted from future Army Manuals.

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